

## **CORPORATE INCOME TAX**

### **HB 1839 – Corporate Income Tax**

by Finance and Tax Committee and others (SB 1002 by Senator Campbell)

This bill updates the Florida Income Tax Code to reflect changes in the U.S. Internal Revenue Code enacted by Congress since January 1, 2002. This definition provides for “piggybacking” each change made during 2002 in the Internal Revenue Code.

This bill ensures current administration of the corporate income tax and provides that corporations that are subject to Florida corporate income tax can base their tax calculations on current IRS rules. Failure to pass this bill would result in increased bookkeeping burdens for these entities.

Since Florida’s corporate income tax is based upon a taxpayer’s income as calculated for federal tax purposes, this bill allows Florida to rely on the efforts of the IRS to ensure the accuracy of the starting point for determining tax liability. Passage of this bill helps keep down the cost of enforcing Florida’s income tax law.

If approved by the Governor, these provisions take effect upon becoming law and operate retroactively to January 1, 2003.

*Vote: Senate 40-0; House 113-0*

## **GROSS RECEIPTS TAX**

### **SB 1430 — Gross Receipts Tax/Manufactured Gas**

by Senator Alexander

This bill provides an exemption for the sales of manufactured gas to a public or private utility for resale or for use as a fuel in the generation of electricity. Current law provides a similar exemption for sales of natural gas.

If approved by the Governor, these provisions take effect upon becoming law.

*Vote: Senate 37-0; House 113-0*

## **TAX ADMINISTRATION**

### **CS/SB 1176 — Tax Administration**

by Finance and Taxation Committee and Senator Campbell

The bill adopts numerous improvements to the administration and enforcement of Florida's revenue laws. Specifically, the bill does the following:

#### ***Communications Services Tax***

- Specifies what the service address shall be in the case of third-number and calling-card calls.
- Provides an exemption for the sale of communications services to a home for the aged.
- Creates penalties for providers who improperly situs customers and fail to make corrections when customers are assigned to the incorrect local jurisdiction.
- Authorizes that the penalty for a communications services dealer failing to respond to a notice from the Department of Revenue or request an extension may be compromised pursuant to s. 213.21, F.S.
- Provides a mechanism for correcting possible errors in situsing of local communications services tax revenues.
- Requires that each person selling communications services in more than one jurisdiction within Florida assist the Department of Revenue by providing necessary data in an electronic format specified by the department. The bill imposes a penalty for failure to comply.

#### ***Fuel Taxes***

- Inclusion of a definition of the new fuel "bio-diesel" and licensing requirements consistent with other fuels.
- Imposes a \$5,000 penalty for retailers who refuse to provide required reports.
- Requires wholesalers or terminal suppliers who divert a load of Florida fuel to pay the Florida tax on the return and establish limits to the number of loads that may be diverted to Florida before an importer license is required.
- Imposes a flat \$5,000 penalty for taxpayers required to file electronically but fail to do so.
- Changes the requirement for corporations from having to provide certified copies of corporate documents to simply providing the Department of Revenue with a statement that the corporation is in good standing with the Florida Department of State.

- Authorizes, by statute, the Department of Revenue to obtain fingerprints and personal data from persons applying for certain fuel licenses.

### ***Unemployment Compensation Tax***

- Provides that, for unemployment compensation tax purposes, a limited liability company will be treated the same as it is for federal income tax purposes.
- Provides that an employer may not be considered a successor under this section if the employer purchases a company with a lower rate into which employees with job functions unrelated to the business endeavors of the predecessor are transferred for the purpose of acquiring the low rate and avoiding payment of contributions.
- Authorizes the Department of Revenue to charge no more than 10 percent of the total cost of the interagency agreement for the overhead or indirect costs of providing unemployment compensation tax collections.

### ***Other Tax Administration Issues***

- Provides authority for the Department to require dealers to report rental car surcharge collections on a county-by-county basis in order to facilitate the allocation of surcharge revenues to each Department of Transportation district.
- Authorizes carriers to prorate the tax on their purchases of motor fuel and diesel fuel used in a railroad locomotive or vessel when the carrier has been in business for less than a year.
- Permits the Department of Revenue to allow a taxpayer with a perfect tax return filing record for at least 12 consecutive months to retain his or her collection allowance, under certain circumstances.
- Specifies that only one penalty of 10 percent, which may not be less than \$50, shall be imposed for failure to timely file a sales and use tax return and to timely pay the tax shown due on the return.
- Permits the Department of Revenue to establish new tax brackets when necessary without requiring rulemaking when the Legislature changes a tax rate.
- For voluntary self-disclosure of tax liability, the bill changes the time period that the Department of Revenue may settle and compromise tax and interest due. The time period is changed from 5 years to 3 years immediately preceding the date the taxpayer contacted the Department of Revenue.
- Provides that failure to make an electronic funds transfer payment will be subject to the same prosecution as payment with a worthless check, bank draft, or debit card.

- Eliminates the requirement that the annual intangible tax return include language permitting a voluntary contribution of \$5 for the Election Campaign Financing Trust Fund, because the trust fund expired November 4, 1996.
- Authorizes an affiliate group of corporations that created a service company with an affiliated group on July 30, 2002, to receive the salary credits for Insurance Premium Tax purposes.
- Repeals the restriction on the use of Local Government Infrastructure Surtax revenue to supplant or replace user fees or reduce ad valorem taxes.
- Repeals the repeal of the certified audits pilot project, making it permanent.
- Expands the sales and use tax exemption for building materials used in a designated brownfield area of affordable housing.
- Expands the use, by a charter county, of the Charter County Transit System Surtax to include planning, development, construction, operation and maintenance of, as well as the payment of principal and interest on bonds issued for, roads and bridges in the county and bus and fixed guideway systems.
- Provides that local governments that collect a municipal resort tax may participate in the RISE (Registration Information Sharing and Exchange) Program.
- Corrects an unintended consequence of last year's legislation by restoring the automatic renewal of lands classified as agricultural under s. 193.461, F.S., if the county waives the requirement for annual applications. It also declares that, for January 1, 2003, failure of a property owner to return the agricultural classification form or card in a county that waived the annual application process shall constitute an extenuating circumstance.

If approved by the Governor, these provisions take effect July 1, 2003.

*Vote: Senate 37-0; House 107-0*